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State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

MICHAEL R. STYLER
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Inspection Report

Minerals Regulatory Program

February 14, 2008

Supervisor

1007

Mine Name: Lucin Variscite Mine
Operator Name: Penney's Gemstones, LLC.

Permit number: S/003/0034
Inspection Date: September 12, 2007
Time: 3:00 PM

Inspector(s): Lynn Kunzler, DOGM

Other Participants: None

Mine Status: Active

Elements of Inspection

1. Permits, Revisions, Transfer, Bonds
2. Public Safety (shafts, adits, trash, signs, highwalls)
3. Protection of Drainages / Erosion Control
4. Deleterious Material
5. Roads (maintenance, surfacing, dust control, safety)
6. Concurrent Reclamation
7. Backfilling/Grading (trenches, pits, roads, highwalls,
8. Soils
9. Revegetation

Evaluated

Comment

Enforcement

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Purpose of Inspection:

Routine inspection while in the area.

Inspection Summary:

There was no activity at this site during this inspection. A lock had been placed on the gate along the county road. Attempts to drive to the site from the north found that this access route had recently been blocked with large boulders. As I began to walk to the site, it was noted that there had been recent (within last week or two) activity several hundred feet north of the main pit. A small trench had been dug and it appeared that the operator had been digging at a variscite outcrop to the east of the small trench (there was about 1/2 acre of new disturbance in this area (much of this area appeared to have been disturbed several decades ago). A claim location form was found in the disturbed area that indicated a Mr. Anthis had a claim in the area. Initially it was thought that he had started operations on his claim. However, as I started walking towards the main pit, it was noted that the excavator tracks had come from, and returned to the main pit area. A CO was issued to Mr. Penney for operating outside his permitted (and bonded) area.

There was also evidence of recent activity in the main pit area. Only a small portion of the recent disturbance was outside the previously disturbed area (there is now about 3.5 acres of disturbance in the main pit area (this does not include any disturbance associated with the pre-law access road).

The area was free of trash and debris. There were no erosion problems noted. The operator has placed large boulders and dug trenches in key locations to limit vehicle access to the pit.

Photos were taken to document site conditions.

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Conclusions and Recommendations:

CO # MC-07-01-10 was issued for operating outside the permitted and bonded area. Abatement requires the operator to either reclaim the disturbed areas outside the permitted area by October 31, 2007, or to amend the NOI to include these areas and provide adequate reclamation surety for the site.

Continue to monitor the this operation when in the area.

Inspector's Signature _____

LK:pb

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